

The Future of Social Security

Social Security was created in 1935 to supplement workers’ retirement, pension, or other savings to provide them with a source of income in their elder years. **This system has been financially solvent and will continue to pay full benefits to current retirees and those nearing retirement.** However, it faces a long-term financial crisis because Social Security’s revenue from payroll taxes will not keep pace with the growing costs of benefits for retirees.

Overview of Social Security:

Social Security was designed for a population that had dozens of workers supporting each retiree, as well as for a population that lived much shorter lives. In fact, when Social Security began, benefits were not available until age 65, yet the average life expectancy was 62. Today many people retire at age 62, and the national average life expectancy is 77. In short, more people are collecting larger benefits that the system was originally designed to support.

Modern medicine has afforded Americans longer, healthier lives. Unfortunately, Congress has not updated the Social Security system, designed for a 1935 population, to meet

and sustain the financial needs and realities of a 21st century population.

beneficiary. If this trend continues, Social Security will not have sufficient revenues from workers to fully support the benefits of our



A Closer Look: With larger payments over longer periods of time being paid to beneficiaries, the number of workers supporting each beneficiary has decreased. In 1935, 66 workers supported each beneficiary. By the 1950s, there were 16; and today there are about 3. Based on projections from the Social Security Administration’s Actuary, by 2031 there will only be 2 workers to support each Social Security

aging population. Social Security will then be forced to cut benefits or raise taxes.

The Future of Social Security: **Current Social Security beneficiaries and those nearing retirement will not be affected by any changes made to Social Security.** Social Security checks will continue to go out just as they always have. Today’s seniors are safe and will not be affected because the Social Security Administration (SSA) currently brings in more money than it pays out. However, as you can see in the chart to the left, these surpluses won’t last forever.

In 2018, Social Security will begin paying more in benefits than it collects. Social Security will then rely on collecting debts owed to the program to fund full benefits, but experts assert that even those additional resources will be exhausted by 2042. At that point, Social Security will have no other form of revenue to pay full benefits for retirees, and by law, will be forced to cut benefits or raise taxes significantly.

The current discussion in Congress, therefore, is focused on how to ensure our children and grandchildren will receive the Social Security benefits that current retirees receive.

FEMA Assistance for Hurricane Damage

While the hurricanes swept through months ago, damage and need for assistance still exists across Florida’s 12th Congressional District. In an effort to meet the needs of hurricane victims, I met with Under Secretary for the Federal Emergency Management Agency (FEMA) Mike Brown along with Florida congressional delegation members to discuss progress with hurricane recovery efforts and raise concerns regarding outstanding hurricane clean-up issues.

We discussed the work needed to be done in the latter stages of the FEMA implementation process, including: improving the timeliness of the FEMA assistance payments, reimbursement for localities for clean up of debris on private lands when the safety of the public is at risk, and the need for increased focus by FEMA on Florida-specific hurricane

related needs when allocating national disaster funds approved by Congress last year.

On February 18, FEMA announced expedited reimbursement for emergency costs incurred by local governments for eligible debris removal and other emergency protective measures.

To date, Floridians have received more than \$4.1 billion in disaster aid for hurricane-related losses. In Hillsborough and Polk County, nearly 100,000 citizens have applied for FEMA hurricane assistance, totaling over \$110 million in relief aid.

The response to the four devastating hurricanes that hit Florida in 2004 was dramatic. Congress

immediately passed legislation providing \$13.3 billion in hurricane relief assistance, while scores of charitable organizations, businesses and individuals from around the country stepped in to help those in need. To date, 1.23 million Floridians have applied for federal and state assistance.



The Federal Emergency Management Agency (FEMA) provided millions of Floridians with urgent relief after Hurricanes Charley, Francis, Ivan and Jeanne last fall.

Federal Help for Florida’s Transportation Needs

Congress is currently considering reauthorization of the federal highway bill, the *Transportation Equity Act: A Legacy for Users*, which is expected to provide \$284 million in funding for our nation’s highways and transit systems.

Given Florida’s ever-expanding transportation needs, it is crucial that this legislation help Florida’s roadways, particularly those in Central Florida.

Smaller states, such as Alaska, receive as much as \$6 in federal funding for every dollar they provide, while other “donor” states receive less than their contributions. Florida has historically

been considered a donor state, paying more in gasoline taxes to the Highway Trust fund

than it receives in highway funding for the state. The Sunshine State receives roughly 86 cents for every dollar it sends to Washington, which is why it is important to sustain our state’s transportation

funding guarantees and ensure that Florida receives a fair and equitable portion of federal transportation spending.

I will continue working to resolve these issues to provide Florida an equitable rate of return.



Increased transportation needs require federal help in Central Florida.

A breakdown of the amounts and types of assistance to date include \$1.138 billion in federal and state individual assistance in all of Florida’s 67 counties. Of that amount, \$537 million has been in grants to pay for lodging expenses, rental assistance and minimal home repairs. Another \$600 million is to cover assistance for other needs, which may include such items as repair or replacement of personal property.

Approximately \$1.17 billion in emergency response and protective measures has been approved.

The U.S. Small Business Administration (SBA) has approved \$1.396 billion in low-interest disaster loans for homeowners, renters and businesses. Businesses also may be eligible for economic injury loans to help them get back on their feet.

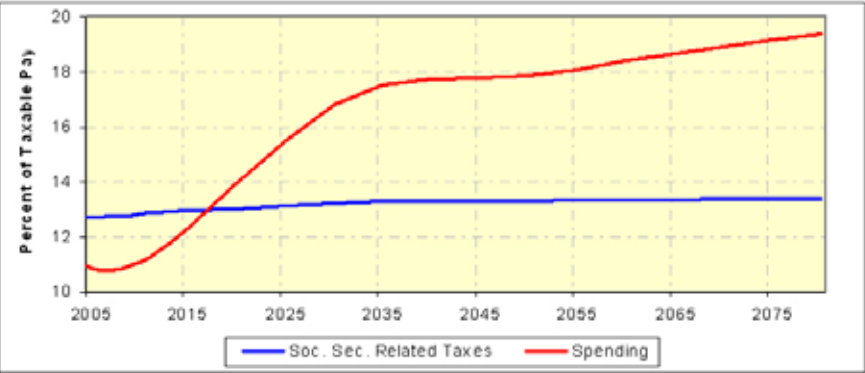
Public Assistance (infrastructure) funds are being paid to local governments and certain private, non-profit entities.

If you are still experiencing difficulties processing your claim, please call my office at (863) 534-3530 or visit my website at www.adamputnam.house.gov.

Economy, cont.

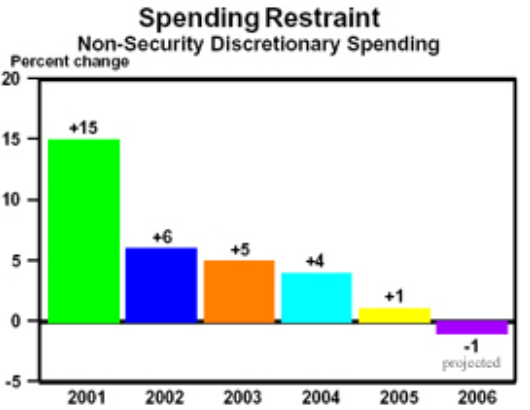
home and abroad, spending for defense and homeland security, the principal obligations of the federal government, will continue to be a fiscal priority. This responsibility

Social Security Annual Costs Will Exceed Income in 2018, With Perpetually Increasing Deficits Thereafter



Social Security Annual Cash Income = Payroll taxation (12.4% of taxable wages) + Benefit taxation

The red line (spending) rises dramatically with the growth of the elderly population. The retirement of the baby boom generation accelerates the problem, and it continues to worsen. The blue line (taxes) is nearly flat because the payroll tax rate is constant. To fix Social Security, the lines depicting taxes and spending must come together and stay together. Spending cannot grow faster than taxes indefinitely.



should be balanced with fiscal policies that foster sustained economic growth, including continued spending restraint to help further the economic gains we’ve made.

As a member of the Budget Committee, I am working hard to ensure Congress delivers a responsible and efficient 2006 Budget to the American people that puts us back on a path to a balanced budget.



**Congressman
Adam H. Putnam**

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**Congress of the United States
House of Representatives
Washington, DC 20515**

COMMITTEES

**COMMITTEE ON RULES
COMMITTEE ON THE BUDGET**

**Congress of the United States
Washington, DC 20515**

Dear Friend,

As the 109th Congress progresses, I want to update you on important federal issues affecting our great state and nation.

Some of the most important issues affecting Central Florida include: Social Security, federal assistance for hurricane disaster relief, and transportation issues. I have outlined these issues, and I hope you will contact me should you have any questions about these or other federal matters.

It is an honor to serve and represent you in the United States House of Representatives. Rest assured I am working hard for Florida's 12th Congressional District and look forward to the many challenges and opportunities facing the 109th Congress.

May God continue to Bless America.

Sincerely,

Adam H. Putnam
Member of Congress

M.C.
Presorted Standard



A Legislative Update of the 109th Congress from Congressman Adam H. Putnam

An Outlook on Florida and our Nation's Economy

I am pleased to report that our economy in Florida and the nation continues to strengthen and grow.

Overall, the economy continues to recover and rebound at a healthy pace from the terrorist attacks and recession that began in 2000-2001. Real GDP grew 4.4% in 2004, the strongest annual performance in 5 years and one of the strongest growth performances in the past 20 years. Forecasters expect solid real GDP growth to continue at about a 3.6%



Federal Reserve Chairman, Alan Greenspan, answers Rep. Putnam's questions on long-term fiscal issues facing our economy at a Budget Committee hearing held on March 2, 2005.

rate in 2005 and in the range of 3% to 3½% over the next 5 years.

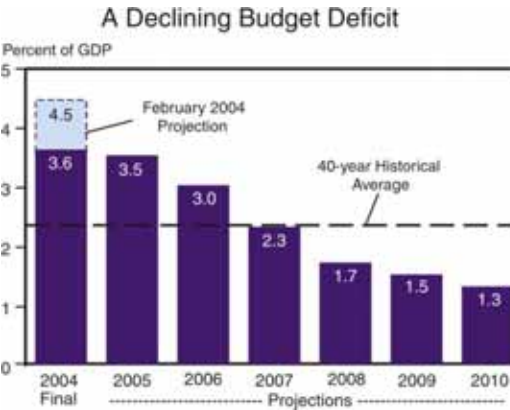
According to the Bureau of Labor Statistics, the economy posted

steady job gains for each of the last 21 months, with over 3 million jobs created, and a projected 190,000 additional jobs per month during 2005. In Florida, over 170,00 new jobs were added to our state's economy, and continuing gains are expected throughout this next year.

The country's unemployment rate is 5.4% which is lower than the decade averages for the 1970s (6.2%), the 1980s (7.3%), and the 1990s (5.8%). Similarly, Florida's unemployment rate in 2004 was 4.5%, well below 4.9% a year ago, and nearly a full percentage below the national rate. This marks almost the third straight year Florida's unemployment rate has remained below the national average.

One area of great concern, however, is our nation's deficit. The deficit now stands at \$427 billion. Although a record in nominal terms, this deficit ranks 11th as a share of the economy over the past 25 years, at 3.5% of GDP. As you can see in the graph to the right, the deficit is actually 20% lower than what was projected this time last year, and is expected to decline thereafter.

If we maintain the policies of economic growth and spending restraint, in 2006 and each of the next four years, the deficit is projected to be cut by more than half from its originally estimated 2004 peak



to just 1.5% of GDP, well below the 40-year historical average deficit, and lower than all but 7 of the last 25 years.

Economic Outlook

Economic growth in Florida and our nation is expected to continue in 2005. Sustained growth, however, requires careful and responsible fiscal guidance. As we work to advance freedom and security at

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Upcoming Town Hall Listening Sessions

DATE

LOCATION

Tuesday, March 22, 9:00 a.m.

Sun City Center Town Hall Meeting
S.S.C. Community Association, Sandpiper Rm.
1009 N. Pebble Beach Blvd, Sun City Center

Tuesday, March 22, 12:00 p.m.

*Seating is limited. Please RSVP to my district office.
Lunch is not required to attend.*

Apollo Beach/Ruskin Business Luncheon
Mariner's Club Bahia Beach Resort
611 Destiny Drive, Ruskin, \$15.00 per person

Tuesday, March 22, 7:00 p.m.

Temple Terrace Town Hall Meeting
Temple Terrace Library
202 Bullard Parkway, Temple Terrace

Thursday, March 24, 7:00 p.m.

Brandon Town Hall Meeting
Brandon Library
619 Vonderburg Drive, Brandon

For more information on these town hall meetings, or other upcoming events, please contact my district office at (863) 534-3530.